



# Montgomery County Council

**For Immediate Release**

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## **Statement by Council President Tom Perez on the Impact of Federal & State Budget Cuts on Montgomery County**

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"As the Council starts work on the County Executive's recommended budget for FY 2006, we need to understand where things stand with the federal and state budgets as well. Assistance from those sources is projected to provide nearly one-fifth of the resources required to fund the \$3.5 billion County budget.

"Congress is still in the early stages of the federal budget process, and the General Assembly is still working on the state budget. But in my view the budgets proposed by the President and the Governor raise some serious concerns that we need to address.

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"The President wants to cut Medicaid, education, housing, community development, and many other programs that are vital to children, seniors, and working adults. The Governor wants to cut our cost-of-education funding, Program Open Space, special education, K-12 Challenge Grants, and other key programs.

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"The trail of broken promises from Annapolis, the White House and Capitol Hill is long and getting longer. The abdication of fiscal responsibility by the federal and state government leaves local governments and local communities in Maryland and across America holding the bag – a bag that keeps getting heavier.

"The President's proposals are truly radical, and in my view extremely harmful. He wants to increase the huge federal deficit by making his past tax cuts permanent – cuts that are heavily skewed to the wealthy – and then to export the deficit to the local governments that actually deliver essential services.

(more...)

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"The President wants to reduce, consolidate, or eliminate 150 domestic discretionary programs, saving the federal government \$18 billion in FY 2006 and \$214 billion by FY 2010. He also wants to cut \$137 billion in entitlement programs, including \$60 billion in Medicaid, over the next 10 years.

"They want to transform the Section 8 housing program into Section 6 1/2. They call it 'starving the beast.' I call it slash-and-burn and shift-and-shaft. Budgets are moral documents, and this budget does not reflect the progressive values of Montgomery County.

"There is a bipartisan revolt in the U.S. Senate against some of the President's proposals. Last week the Senate rejected any Medicaid cut whatsoever in FY 2006. Republican Senator Gordon Smith of Oregon said, 'In good times and bad, the people you don't abandon or put at risk are the people most in need.' There is a similar bipartisan revolt against the President's proposal to eliminate the Community Development Block Program (CDBG) and other programs that are important to real people and communities.

"Two years ago, as the Council struggled to protect vital County services in the face of the recession, we raised the County income tax rate by 0.25%. Meanwhile the President's tax cuts for the wealthiest Americans cut 4.6% from their tax rate, more than 18 times as much.

"In dollar terms, according to data for 2004 from the Tax Policy Center, a joint venture of the Urban Institute and the Brookings Institution, the President's tax cuts saved you on average \$5 if your income was less than \$10,000 and \$98,084 if your income was more than \$1 million. If your income was between \$75,000 and \$100,000, you saved on average \$2,135 in 2004. Depending on what figures you use, that is about three to seven times as much as the increase in your County income, property, energy, and other taxes for that year.

"Our panel today can help us understand what the President's budget proposals would mean here on the ground in Montgomery County in FY 2006 and future years. Our panelists will discuss the impact on our residents – including our most vulnerable residents – of eliminating the CDBG program, slashing the Section 8 and Public Housing programs, curtailing the Adult Education program, and damaging many others. This is the kind of information we must have about both the federal and the state budgets as we begin work on the County budget for FY 2006."

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